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SUBJECT: Long March: Restoring Streets, Harbor, and Pride in  
Zhangzhou

Ref: A) Beijing 2459 (notal) B) 05 Guangzhou 23050 C)

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¶1. (SBU) SUMMARY: Zhangzhou Prefecture, in southwest Fujian, was once a major Chinese port. Today leaders are trying to restore the area to its golden era by developing the Zhangzhou harbor, attracting business, strengthening ties with Taiwan, and renovating cultural and historical sites. Leaders in the prefecture have a clear vision of the future and pragmatic policies to see it to completion.  
END SUMMARY

A Clear Vision  
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¶2. (U) As part of Consulate Guangzhou's "long march," following visits to Yongding and Longyan, the Consul General and Conoffs drove to Zhangzhou Prefecture in southwest Fujian and met with local leaders. Wu Jianzhu, Secretary-General of the Zhangzhou Municipal People's Government provided an overview of the Prefecture's 11th five-year plan. The leaders articulated a clear vision for future development of the region focusing on developing the logistics industry, expanding relations with Taiwan, improving rural conditions, and increasing tourist revenue. Zhangzhou leaders were well prepared for the briefings, answered questions quickly and thoroughly, and even provided printed copies of the prefecture's 11th five-year plan, unlike any other city visited during the long march.

¶3. (U) Located in southeast Fujian Province, Zhangzhou Prefecture was once a major port city. Today, prefecture leaders are trying to restore the city's role and establish the area as a distribution center for commercial cargo. Zhangzhou's 12.6 thousand square kilometers of land are divided into one city with two districts, and eight counties, home to 4,600,000 residents. The prefecture's RMB 62.64 billion (USD 7.8 billion) GDP saw an 11% increase in 2005, mostly as a result of expanding food, manufacturing, furniture and pharmacy industries.

Harbor - Infrastructure and Access

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¶4. (U) Zhangzhou leaders are eager to expand business at the prefecture's large, underdeveloped port. By the leaders' own admission the port lacks development, but has remarkable potential. There are currently eight berths available for cargo and other ships. The port's size, however, is large enough and sufficiently deep for the creation of up to 120 berths. In 2005, Zhangzhou Port handled a healthy 47.7 million tons of bulk cargo. The key to increasing this capacity will be investing in the infrastructure necessary to take full advantage of the port's size, however a central government announcement in May linking Zhangzhou's port with Xiamen Port as part of a major port hub program is likely to encourage investors. Zhangzhou port will handle an increasing amount of oil and gas imports, according to the announcement.

¶5. (U) A major selling point of Zhangzhou's port is its proximity to two major railroad lines; one connecting the city to Jiangxi to the west, another under development will connect Xiamen to Shenzhen to the south. In addition, a cross-harbor bridge that will connect Zhangzhou to Xiamen with its large port, the seventh busiest in the world, is in the works. Leaders admit that the key to successful marketing of the port relies on the proximity to railroad lines and easy access to distribution channels.

Friendly Neighbors to the East?  
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¶6. (U) The people, industry, and culture of Zhangzhou remain closely linked to Taiwan. The prefecture is located just 120 nautical miles from the central Taiwan city of Taichung. Leaders estimate that 35% of people in Taiwan can trace their origins to the prefecture. Notable Zhangzhou decedents include Taiwan's current leader, Chen Shuibian and

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Lien Chan, former leader of Taiwan's opposition Kuomintang (KMT). In addition, the Mingnan dialect prevalent in Zhangzhou is also spoken throughout Taiwan. These social, cultural, and linguistic ties make Zhangzhou a convenient destination for Taiwan tourists and business people. As a result, Zhangzhou enjoys healthy investment from Taiwan firms, and ranks number three behind Suzhou and Dongguan among Chinese cities receiving Taiwan investment. The majority of this investment is in manufacturing.

Wanlida: Passion, Innovation, Commitment  
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¶7. (U) In addition to foreign and Taiwan invested enterprises, Zhangzhou Prefecture is home to successful local businesses. Wanlida Company a major electronics producer, was started in 1984 with just RMB 80,000 (USD 10,000) investment by the company's founder, Wu Huitian, a native of Zhangzhou. Wu personally showed the group around his modern electronics manufacturing facility located just outside the city center. The company now boasts 10,000 employees, factories in several mainland China locations, and representative offices in Hong Kong and the United States. The majority of the company's business is original equipment manufacturing (OEM) for such large companies as Polaroid, Zenith, and other international brands as well as a house brand for domestic sales.

¶8. (U) Wu seemed particularly proud of the benefits he provides to the company's employees including insurance, salary, and housing. Wu claims his company's benefits are better than those of government employees. Working conditions for company employees seem relatively comfortable, as well, as the factory is audited by its customers to assess working and environmental conditions. Company employees were quick to point out elaborate ventilation systems for solder fumes, air-conditioning

systems, and safety equipment. During a tour of the company showroom Wu proudly introduced a flat screen television with the capability of attaching and removing modularized accessories such as a DVD player, internet connection, or home security monitoring system to the back of the television, a feature he developed.

Green Acres  
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¶9. (U) Like other prefectures visited on the long march, Zhangzhou continues to struggle with the gap in government services and infrastructure, income levels, and employment opportunities between rural and urban residents. Of the Prefecture's 4.6 million residents, 75% (3.8 million) live in rural areas. Leaders see transportation, education, and sanitation as the major challenges facing rural residents and ones which they hope to address during the next five years.

¶10. (U) Zhangzhou has a reputation domestically for agriculture, particularly for fruits and flowers. The area has a reasonably well-developed agricultural industry, and a fair export market. Currently Zhangzhou exports fruit and tea to Europe, and mushrooms to Japan. Agricultural GDP saw a 3.7% increase in 2005 to RMB 15.4 billion (USD 1.3 billion). Traditional industries such as fruit, vegetables, flowers, aquaculture products, livestock, and tea industries remain constant. The processing of agricultural products continues to be a focus of development efforts in the Prefecture. In recent years, Zhangzhou has become a center of food processing and logistics with large capacity for storage of frozen seafood, a trend that local leaders hope to continue.

This Old House - Fujian Style  
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¶11. (U) Located on the coast of Fujian Province and not far from economic powerhouse Xiamen, Zhangzhou enjoys healthy tourism from both domestic and Taiwan markets. Temperate climates, and long stretches of beach attract the majority of domestic visitors. Many Taiwan visitors come to the

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region to connect with their roots, or pay homage to their forbearers. Zhangzhou officials have taken steps to encourage resort tourism along the coast, and cultural tourism in the city.

¶12. (U) The centerpiece of Zhangzhou's historic development efforts is a series of renovated streets. The area, located near the city center, contains 400-year-old stone archways, a temple, and several historic storefronts. Streets, sidewalks, and facades have all been renovated to meticulous standards. As a result, the renovation project received an Honorable Mention in the annual UNESCO Asia-Pacific Heritage Awards program in 2004. Zhangzhou leaders hope the renovated street will cement the area's cultural and historical tourism efforts.

Comment: Prepared, but Ready?  
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¶13. (SBU) Zhangzhou is not a city one thinks of when thinking of economic centers of Fujian Province. Zhangzhou leaders acknowledged their unknown status but appeared well prepared to attempt to change the city's reputation from backwater to rapidly developing economy. Most of Zhangzhou's plan for growth hinges on investments in infrastructure funded by investors who recognize its obvious benefits as a transportation hub, and that infrastructure being used by manufacturers who recognize its utility and convenience. With Xiamen Port rapidly expanding in light of the success of its IPO last year, Zhangzhou, with its newly announced link with Xiamen Port, should more easily be able to attract investors to succeed in realizing its plans.

¶14. (U) Official met in Zhangzhou included:

He Jinlong	Mayor
Wang Yaoquan	Vice Mayor
Hong Lizhuan	Director, Development and Reform Commission
Wu Jianzhu	Secretary General, Zhangzhou Government
Li Linsheng	Director, Zhangzhou Government, FAO
Lian Sile	Deputy Director, FAO
Wu Huitian	President, Wanlida Group Co. Ltd (Malata)
Song Xiangguan	GM Assistant, Wanlinda Group Co. Ltd

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